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Supreme Court Of The United States
OCTOBER TERM, 1995

LOTUS DEVELOPMENT CORPORATION,
Petitioner,

v.

BORLAND INTERNATIONAL, INC.,
Respondent.

On Writ of Certiorari to the
United States Court of Appeals
for the First Circuit

**BRIEF OF AMICUS CURIAE ALTAI, INC.
IN SUPPORT OF RESPONDENT**

CORRECTED COPY

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INTEREST OF AMICUS CURIAE

Altai, Inc. ("Altai") submits this amicus curiae brief, pursuant to Sup. Ct. R. 36, in support of respondent Borland International, Inc. ("Borland").

Altai designs, develops and markets job scheduling software programs for IBM and IBM-type mainframe computers. Job scheduling programs "create a schedule that specifies when the computer should run various tasks, and to control the computer as it progresses through that schedule." *Computer Assocs. Int'l, Inc. v. Altai, Inc.*, 775 F. Supp. 544, 552 (E.D.N.Y. 1991) ("*Altai I*"). In August 1995, Altai was acquired by PLATINUM

technology, inc., and now is a wholly owned subsidiary of that company.

Altai has no interest in either of the parties to this dispute or in the outcome of this case if, as the parties before this Court agree, the holding in *Computer Assocs. Int'l, Inc. v. Altai, Inc.*, 982 F.2d 693 (2d Cir. 1992) (*Altai II*) is not at issue.¹

We agree with the characterization of amici for petitioner Lotus Development Corporation ("Lotus") that the instant case is "much more than a dispute between the parties: it is a clash between two fundamentally-opposed views of the protection Congress provided for computer software in the Copyright Act." Motion of Amici Digital Equipment Corporation, The Gates Rubber Company, Intel Corporation and Xerox Corporation at 2.

STATEMENT OF THE ARGUMENT

This Court has granted certiorari to determine whether a computer "menu command hierarchy" is uncopyrightable subject matter under Section 102(b) of the Copyright Act as a "method of operation." Altai supports the conclusion reached by the First Circuit. We are concerned, however, that affirmation of the First Circuit's decision, without reference to a procedural and time framework in which copyrightability must

¹ The Second Circuit continues to retain jurisdiction over this case. On December 17, 1992, the misappropriation of trade secret claim was remanded to the trial judge. *Altai II*, at 721. On August 20, 1993, that claim was dismissed pursuant to the applicable Texas statute of limitations. *Computer Assoc. Int'l, Inc. v. Altai, Inc.*, 832 F. Supp. 50, 54 (E.D.N.Y. 1993). On April 7, 1994, the Second Circuit certified to the Supreme Court of Texas the issue of whether the discovery rule applies to misappropriation claims and whether the state's open courts provision applies. *Computer Assoc. Int'l, Inc. v. Altai, Inc.*, 22 F. 3d 32, 37 (2d Cir 1994). On June 8, 1995, the Supreme Court of Texas ruled in Altai's favor on both issues in a 7-2 decision. *Computer Assoc. Int'l, Inc. v. Altai, Inc.*, No. 94-0433 slip op. (Tex., June 8, 1995), ___ S.W. 2d ___. On June 27, 1995, a petition for rehearing was filed, which is pending before the Texas Supreme Court.

be established, will do little to assist district courts in managing complex computer software cases, which have been characterized by both courts below as "uncharted territory."

The procedural suggestions offered for the Court's consideration would not interfere with the legitimate enforcement of copyright to protect property interests, but would go a long way to end the use of copyright litigation to eliminate or deter competition and innovation.

ARGUMENT

THE COPYRIGHTABILITY OF A COMPUTER PROGRAM IS AN ISSUE OF SUBJECT MATTER JURISDICTION WHICH SHOULD BE DETERMINED BY THE COURT AS A THRESHOLD ISSUE, WITH THE PLAINTIFF ASSUMING THE BURDEN OF PROOF UNDER SECTION 102(b)

Congress empowered and entrusted the courts with responsibility for ascertaining the copyrightability of computer programs. Section 102(a) provides a specific list of works of authorship that Congress determined were the proper subject matter of copyright. Conversely, Section 102(b) provides a catalog of items that Congress specifically excluded from copyright protection.

Whether a particular computer program or any elements thereof are proper subject matter for copyright is an issue of jurisdiction which should be determined by the court as a threshold issue, and the burden of proof should reside with the plaintiff. If a claim of infringement does not concern an interest in legitimately copyrightable subject matter, it should be dismissed forthwith, regardless of any other circumstances, such as whether the plaintiff created a pre-existing computer program that is substantially similar to a competitor's subsequently developed program. Federal courts do not have jurisdiction over

computer software infringement claims, if the programs at issue are not copyrightable under Section 102(b).

Therefore, if copyrightability is disputed, it is incumbent on the district court to require any plaintiff alleging infringement of a computer program to establish and assume the burden of proof as to the statutory elements of Section 102(b) and for the court to make findings at the onset of the litigation. In particular, this should be done *before* allowing the plaintiff and its counsel to use the liberal discovery afforded under the Federal Rules of Civil Procedure to establish copying and/or peruse a rival's competing computer program(s) and ascertain otherwise confidential business and sales information to determine "damages."²

Today, merely alleging copyright infringement of computer software provides the plaintiff with license to impose significant market and litigation costs, which can eliminate competition and create entry barriers that far exceed the very limited scope of the monopoly Congress intended to convey by copyright.³ Copyright infringement litigation is a powerful weapon in the battle for consumer dollars and market share in the computer software industry. A defendant's business can literally be destroyed by the uncertainty and doubt cast on its products by the mere filing of a complaint. Years later, if and when no infringement is found, no remedy is available for the damage caused to a business merely by the pendency of the suit.

Yet the First Circuit cites with approval *Bibbers Sys., Inc. v. Colwell Sys., Inc.*, 893 F.2d 1104, 1106 (9th Cir. 1990), which held that:

² In that regard, we suggest that the district court in the instant action abused its discretion in not certifying its initial decision for appeal. Borland Certiorari Opposition at 11-12.

³ The adverse market effect of the instant litigation on Borland is a matter of public record. Borland Certiorari Opposition at 12-13.

A certificate of copyright registration constitutes *prima facie* evidence of copyrightability and shifts the burden to the defendant to demonstrate why the copyright is not valid.

But Section 410(c) of the Copyright Act is more limiting. It provides only that:

In any judicial proceedings the certificate of registration made before or within five years after first publication of the work shall constitute *prima facie* evidence of the validity of the copyright and of the facts stated in the certificate. The evidentiary weight to be accorded the certificate of registration shall be within the discretion of the court.

17 U.S.C. § 410(c) (emphasis added).

Where the copyrightability of a computer program is disputed, registration alone should not satisfy the plaintiff's burden of proof on that issue, particularly in cases where non-literal aspects of a computer program are at issue. Because of the inherently utilitarian nature of computer programs, this Court should exercise its supervisory authority to instruct the lower courts to require a plaintiff to assume the burden of proof to establish that the particular program or elements thereof at issue are subject matter that is not excluded by Section 102(b). Since, in most instances, this will entail the testimony of technical experts in the field of computer science, the defendant should be allowed not only to cross examine the plaintiff's experts, but also to proffer rebutting testimony through its own experts. In cases of computer software infringement, the assistance of a court appointed expert may be particularly helpful to the district court, at this stage in the litigation, in evaluating the quality and context of technical evidence adduced to satisfy Section 102(b) and in creating a robust factual record from which that court, and any subsequent appellate court, may determine whether the plaintiff's burden as to copyrightability has been met — *i.e.*, to

establish that its computer program is *not* an idea, procedure, process, system, method of operation, concept, or a discovery.⁴

We believe that had the district court required Lotus to assume the burden of proof as to Section 102(b), Lotus's menu command hierarchy would have been found to be uncopyrightable.

CONCLUSION

The judgment of the court below should be affirmed.

Respectfully submitted,

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⁴ An important contribution to the analysis of the Second Circuit in *Altai II* was the decision of former U.S. Circuit Court Judge George C. Pratt, sitting by designation as the district court, to appoint an expert, pursuant to Fed. R. Evid. 706 to advise the court as to the technical properties of the computer programs at issue in that case. *Altai I*, at 549. With an independent reference and source of technical advice, both the trial and appellate courts were better equipped to evaluate the computer programs at issue and the quality and credibility of the parties' experts and the opinions they advanced.

The district court in the instant case did not have the benefit of such advice and was left to ferret out technical matters, which exceed the expertise of most federal court judges and counsel.